

The last word: crisis politics

by the editors

In the lead-up to the “debt crisis resolution,” the stock market worldwide and economic analysts remained remarkably calm, especially in the bond markets. There is a reason why. Looking at the political scene in Washington, finance capital had much to gain. The crisis moment, and this was understood by both the Congress and the President, was a time to make big cuts in those programs that serve the middle class and the poor. Such a drastic remaking of the social responsibility of government otherwise could not be broached or could only be accomplished piecemeal through lawmaking, subject to amendment and debate. Finance capital, which had received about \$16 trillion bailout from the U.S. government could only benefit from a leaner budget stripped of many social service provisions in all areas, not only in direct safety net programs like Medicare and Medicaid, but in other programs likely to be cut: civil rights, worker safety, financial oversight, infrastructure like bridges and highways, scientific research, and veterans’ affairs. Although the official governmental line, promoted in the press, is that recipients of Social Security, Medicare, and Medicaid will not have their benefits cut, the new Congressional deficit supercommittee can reshape these programs, and a new round of cuts will later cut these programs if the committee’s recommendations do not pass into law in Congress. In fact, the motive behind this artificial move to limit the debt ceiling may be phrased as “savings” or “living within our means” but really it is greed. The terms of the debate are phrased in terms of middle class ideology, prudence and thrift. But in the broadest terms, as Marxists we understand that capitalist society depends on possessive individualism; that is, individuals acting in their self-interests to acquire whatever they can. The holding of private property is central; the common good is secondary, at best.

As if looking forward to such developments in the United States Government, Naomi Klein, in her book *The Shock Doctrine*, describes a similar process in Chile, China, and in those countries under mandates from the IMF. She traces the origins of using both planned and natural crises as a time to reorganize the state, often from a liberal

or socialist regime to more of a free-market capitalist one. Catastrophic events, she says, let governments push through extreme, conservative economic reforms. In particular, at such times, government process and the population are more malleable, and it is possible to take advantage of social disorientation to rephrase the terms of the problem in a way that allows for a drastic social and economic makeover. Klein traces such economic “shock treatment” back to free market champion, influential economist Milton Friedman, who also advocated deregulation and cutting back on and privatizing government services. In particular, in his 1962 book *Capitalism and Freedom*, Friedman wrote:

“Only a crisis—actual or perceived—produces real change. When that crisis occurs, the actions that are taken depend on the ideas that are lying around. ... Our basic function [is] to develop alternatives to existing policies, to keep them alive and available until the politically impossible becomes the politically inevitable.”

We see the logic of Crisis Capitalism now in its most extreme form in the U.S. government’s protracted political theatre around the “debt ceiling.” Phrased in various ways, staged in different arenas, and dramatized by the 24/7 cable news cycle, the two parties together manufactured a “crisis” and then pretended to solve it while actually enacting a series of changes that had been laid out by Obama’s own bipartisan commission on economic reform (which critics then called the “catfood commission,” meaning that the poor would have to eat catfood if these recommendations were followed). That official report, advocating drastic changes, at the time proposed too many cuts, including to basic social welfare programs, for sitting politicians to actively favor. But there was a workaround for implementation. First, create a crisis atmosphere by having Republicans take the lead in declaring there was a debt crisis. Furthermore, it must be solved immediately by deficit reduction and without raising any taxes.

Democrats responded by saying we needed to raise the debt ceiling or we would spiral downward in a greater recession. At that point, the two sides began a minuet leading up to a very last minute “resolution” that would cut Social Security, Medicare, Medicaid, and social programs that form a social safety net. Even now, with verbiage to allay the important senior citizen vote, proposals include raising the age for receiving Social Security or lowering payments to Medicare providers, which, of course, would encourage doctors and hospitals to drop out of the system and refuse service to seniors. Again, because no single politician want to vote for such cuts, they have been delayed to shortly “down the road,” but just as we could see this crisis coming, we can see the next one coming too. Since returning taxes to their 2000 level by restoring the Bush Era tax cuts for corporations and the wealthy was off the table, the only “solution” will be to hack away at social

programs, both the bigger well-known ones and lots of smaller social services that we did not know we relied on until we find them gone.

Let's be clear: both sides got something in the bargain. In fact it is just another case of the greater power of expanding neoliberalism with slightly different inflections for the voters back home. We've seen this before on other issues. In response to an increasingly clear environmental crisis, Congress abandons all climate legislation. Giving spiraling healthcare costs, Obamacare passes essentially assuring Big Insurance, Big Pharma, and Big Hospitals that they will do just fine. For example, the government mandates no cost containment using the power of the federal system to negotiate prices for drugs or services.

The end of the Cold War prospect of a "peace dividend" allowing for the major scaling back of military expenditures scared the military-industrial complex. Thus manufactured wars in Afghanistan and Iran served to keep the defense dollars flowing. And with new revenues to pay for these wars, there was a massive increase in the debt under G. W. Bush, who came into office with a budget surplus. The Obama administration tries to paint the quagmires over as "progress," but that is hard to maintain with soldier and civilian deaths, assassinations, roadside bombs, airstrikes, and blatantly obvious official corruption. The most optimistic reports assure everyone the U.S. will be militarily engaged past 2014. After eight years of combat in Iraq, the future stability of the country remains unknown. Meanwhile, U.S. involvement in Somalia, Yemen, and Pakistan tries to appear invisible with drones, CIA ops, and light-touch military action while heavy duty supplies pour into the Libya front, which now seems at a civil war stalemate.

On a close look, Obama's Defense Department "cuts" turn out to be no cuts at all but reductions of *projected* Pentagon growth. This year's Pentagon budget is, in real or inflation-adjusted dollars, higher than at any time since WW2. Those dollars are what is not available for domestic use: for schools, roads, food stamps, medical care for the poor and Social Security for the seniors.

Given the basic bourgeois ideology of possessive individualism, people are concerned with looking out for themselves and for their interests in the most short-range way. The idea of long-term planning, careful regulation of resources, and building up the material and social infrastructure gets re-interpreted, in a Friedman-esque way, as an obstacle to getting short term gains: for corporations achieving the next quarterly dividend, for individuals reducing one's taxes. For a while now, across all levels of government—national, state and local, we have seen relentless attempts to monetize and financialize the entire social sector. Poor test cores or high dropout rates lead to claims that underfunded schools are not succeeding; this allows for

entrepreneurs to deploy charter schools and for-profit higher education. In Chicago, for an example of urban privatization, the city has sold major infrastructures such as bridges and highways to private interests, and the entire parking meter and fee operation sold to capitalists for pennies on the dollar.

The Federal government response to the economic crisis was to bail out Big Banks, Finance, and Big Auto. Classic socialism for the rich and free market for everyone else: especially those who have faced housing foreclosure. As the “crisis” rolls on, jobs were lost, speedup was used to force more productivity with fewer people, and cuts and abolishing collective bargaining turned against public sector employees.

While orthodox economists completely failed to predict the recession and the current crisis, they were brought in by Obama to “rescue” the situation. Well, sorry, but we told you. In fact Marxist political economists have been pointing out since WW2, for at least 65 years, that advanced capitalism has a structural problem with economic stagnation. The shift from an industrial economy to a financial one has exacerbated this problem and delivered increasing misery on the middle, working, and poor classes. We now have unprecedented levels of economic inequality in the United States. With the motor of the economy becoming finance and speculation, not only have family wage jobs continued to disappear at a high rate, but the “smartest people” admit that manufacturing jobs have gone overseas and now even many service jobs are heading elsewhere. It is generally acknowledged (though not in political speechifying) that a high unemployment rate is the new normal. The jobs that remain are increasingly contingent, precarious, free from regulation, and lacking union contracts to protect workers.

Ordinary people are justifiably disgusted by Washington, scared for their own future, anxious about what they can do. Even those Tea Party patriots deluded by the fake populist directions of conservative bankrollers, have a reason to be upset, although with no realistic idea of solutions. As another year of Presidential electoral politics cranks up, it’s important to see the big and long-range picture and that the key struggles will be over employment, social equality, and justice for all. Hope isn’t going to be enough, collective action is a starting point.

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